

To: Dravis, Samantha[dravis.samantha@epa.gov]
From: POLITICO Pro Energy
Sent: Fri 3/16/2018 9:45:18 AM
Subject: Morning Energy, presented by Chevron: Inside Pruitt's calendar — Russian grid meddling fallout — API meeting at the White House boasts several CEOs

By Kelsey Tamborrino | 03/16/2018 05:43 AM EDT

With help from Alex Guillén, Anthony Adragna, Tim Starks and Eric Wolff

INSIDE PRUITT'S CALENDAR: EPA Administrator Scott Pruitt met last year with an Indiana coal executive who had once boasted of raising more than a million dollars for President Donald Trump's campaign — and who was looking for help from the administration. Steven Chancellor, the CEO of White Stallion Energy, had hopes of softening a pollution rule and was able to secure an audience with Pruitt, according to documents provided to POLITICO. The records, obtained by the Sierra Club through a Freedom of Information Act lawsuit, show that Chancellor met with Pruitt on May 22 for a "courtesy call and introductory meeting."

The documents, reported by Pro's Alex Guillén and Emily Holden, also show Pruitt met with dozens of industry executives and trade group representatives during the period covered by the FOIA-released calendar, May 19 to June 19. And he had phone calls with GOP governors, attorneys general and lawmakers, they report.

But that's not all: The same day Pruitt met with Chancellor, Interior Secretary Ryan Zinke's calendar showed he had a meeting with White Stallion, although it is not clear that Chancellor personally attended that meeting. Zinke recently named Chancellor to Interior's new International Wildlife Conservation Council, which will provide advice on "the benefits that result from United States citizens traveling to foreign nations to engage in hunting." That council is scheduled to meet at the Interior Department today. Read more.

IT'S FRIDAY! I'm your host Kelsey Tamborrino, and Kelly Johnson of Holland & Hart was the first to know Sen. Steve Daines and former U.S. Ambassador Michael McFaul were debate partners in high school. For today: Who was the only president to take the oath of office from a female official? Send your tips, energy gossip and comments to ktamborrino@politico.com, or follow us on Twitter [@kelseytam](https://twitter.com/kelseytam), [@Morning_Energy](https://twitter.com/Morning_Energy) and [@POLITICOPro](https://twitter.com/POLITICOPro).

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RUSSIA MEDDLES IN THE GRID: The Trump administration on Thursday sanctioned people tied to the Russia's alleged digital 2016 election interference and issued a public alert blaming Russian government hackers for hitting vital U.S. industries, including the energy grid. Democrats bashed the penalties as mostly cosmetic.

The government's report detailing the Russian attempt to hack the energy grid concerned energy experts on Thursday, but didn't set off any new alarm bells. "How

worried am I? I continue to be worried," Jon Wellinghoff, a former FERC chairman who now runs his own energy policy consultancy, told ME. "I was worried when I was at FERC, which I left in 2013, and I'm still worried these control systems potentially can be accessed and can as a result be compromised by foreign actors."

TRUMP MEETS WITH API, CEOs: The president's White House meeting with the American Petroleum Institute revolved around "the important role natural resources play in our energy sector," White House spokeswoman Lindsay Walters said. The guest list for the confab included Exxon CEO Darren Woods, Chevron CEO Mike Wirth, Shell Oil President Bruce Culpepper, BP America President John Mingé and API President Jack Gerard, among a host of other executives, Pro's Ben Lefebvre [reports](#). Vice President Mike Pence was also in attendance, API spokesman Eric Wohlschlegel said in a press release. Before heading to the White House, API had convened a two-day meeting at a Trump hotel.

MAN ARRESTED AFTER ZINKE HEARING: Capitol Police arrested a man after a scuffle outside the House Natural Resources Committee hearing room following testimony from Zinke, the police said Thursday. The police "arrested an adult male for simple assault against another individual outside room 1324 in the Longworth House Office Building," the department's public information officer told Pro's Ben Lefebvre. "The suspect was transported to USCP Headquarters for processing." Read [more](#).

Laura Rigas, Interior's communications director, said she was "greatly alarmed and extremely irate that a female senior member of my DOI Communications team was physically assaulted today by a Democrat staffer from the PAC American Bridge." A spokesman for the American Bridge told ME they had not been aware of the incident and were looking into the matter.

**** A message from Chevron:** Chevron is helping to inspire future DOERS to use STEM for the good of us all. Watch the video: <http://politi.co/2Flajfw> **

WHO'S DISRESPECTING VETERANS? An ill-timed joke from Rep. [Ruben Gallego](#) during the Zinke hearing prompted the committee to tweet out a misleading video accusing the Arizona Democrat — and Marine veteran — of being anti-military. Gallego, after a tough series of questions about how many times Zinke met with various groups during his monument review, said: "I know you're a Navy SEAL and math might be difficult, but give me a rough number here." The committee's tweet — "Leave it to Committee Democrats to disgrace the service of a Navy SEAL for political gain ..." — edited out what came next. Gallego clarified that "we have inter-rivalry jokes all of the time as a Marine, as a grunt." And Zinke ended the exchange with, "Semper fi." Doug Heye, a Republican who spent years in communications roles on Capitol Hill, [tweeted](#) that the House tweet was "unfair to Gallego, a combat veteran."

Zinke also got into hot water over his "flippant" response to Rep. [Colleen Hanabusa](#) (D-Hawaii), a fourth-generation Japanese-American, who asked about his plans for a program to preserve World War II-era internment camps. "Oh, konnichiwa," Zinke

replied, deploying a Japanese greeting typically used in midday. Sen. [Mazie Hirono](#) later chastised Zinke for his "flippant & juvenile" response. More [here](#).

HIGH WATER MARKS: House Majority Leader [Kevin McCarthy](#) is pushing to include language in the omnibus that would advance a major dam project in his state — despite objections from the governor. Back in 2016, Congress included language as part of a bipartisan water infrastructure law to allow the Shasta Dam to be raised to store more water, but it required the Interior Department to get a state or local government to sign off before moving forward, Pro's Annie Snider reports. But now McCarthy wants the spending bill being negotiated in the House to include a rider that would remove that caveat and let Interior begin pre-construction work on the dam without a partner. Read more [here](#). Congress needs to pass a new spending bill by March 23 to avoid a government shutdown; the omnibus is expected to be released Monday.

LIVING WITHOUT A WOTUS RIDER: California Rep. [Ken Calvert](#), who oversees the panel responsible for EPA and Interior spending, told reporters he doesn't see the need for riders on the Waters of the U.S. rule or concerning ozone limits in the emerging spending bill. "From my perspective, Scott Pruitt's handling that and the ozone issue also," Calvert said of a possible WOTUS provision, noting the need for policy riders is diminished "because the administration we're dealing with now is different than the one we had in the past." [More from](#) Pro's Anthony Adragna.

MARK IT DOWN: House Energy and Commerce Chairman [Greg Walden](#) said Thursday Pruitt will testify before his panel on the agency's budget request April 25. "He'll be there on April 25 — one way or the other," Walden said. More [here](#).

WHAT'S UP WITH THOSE TRAVEL DOCS? It's been more than a week since House Oversight Chairman [Trey Gowdy](#)'s deadline for EPA to submit records concerning Pruitt's travel habits. And the committee is still waiting. A spokeswoman told Anthony the committee "has been in consistent contact with the EPA regarding the status of our request," and said a "productive response" is expected soon. EPA spokesman Jahan Wilcox said in a statement: "We have been in contact with Chairman Gowdy and are accommodating his request as quickly as possible." More [here](#).

VISUALIZE IT: As American oil and gas production increased, the U.S. energy trade balance with Mexico shifted from an energy-trade deficit of \$29.8 billion eight years ago to an energy-trade surplus of \$16 billion in 2017. But all of that could change if the administration weakens NAFTA. See how in a DataPoint graphic [here](#). Want to add [DataPoint](#) to your Pro account? [Learn more](#).

EPA CHEMICAL RULE DELAY IN COURT TODAY: The D.C. Circuit will hear oral arguments today in a challenge brought by green groups, unions and Democratic attorneys general against EPA's delay of a chemical safety rule to 2019. The rule, known as the Chemical Safety Rule or the Risk Management Plan update, was issued in the final days of the Obama administration in response to several major accidents, including the fertilizer plant disaster in West, Texas, and requires greater safety

measures and public reporting of hazardous chemicals stored at industrial sites. The panel consists of Judges Judith W. Rogers, a Clinton appointee; Brett M. Kavanaugh, a George W. Bush appointee; and Robert L. Wilkins, named to the bench by Barack Obama. The hearing starts at 9:30 a.m. at the Prettyman Courthouse, and audio will also be streamed [here](#).

Dept. of Interesting Timing: The arguments come just one day after an explosion Thursday morning at a chemical plant in Cresson, Texas, that injured two workers and left one missing. The plant mixes chemicals used to drill oil and gas disposal wells, the Associated Press [reported](#). It's not clear that the rule would have made a difference in this case, but activists have pointed to these disasters as evidence of impending harm from EPA's delay of the rule.

CLEAR AS MUD: Trump broke his silence on rumors that he's been eyeing Energy Secretary Rick Perry for a move to Veterans Affairs, and another that he wants to make Pruitt attorney general. When asked if more staff announcements were on tap, Trump told reporters: "Well, the story was very false. I mean, they wrote a story about staff changes today that was very false."

But the president also conceded he's interested in a plethora of people. "I've gotten to know a lot of people over the last year. ... So there will always be change, but very little. It was a very false story. It was very — a very exaggerated — a very exaggerated and false story. But there will always be change, and I think you want to see change."

QUOTED: Sen. [Chuck Grassley](#) took to Twitter Thursday night to talk RINs with the president. "@realDonaldTrump I want to shake up what u might be planning abt a RINS cap for a short period. It will be CATASTROPHIC to ethanol. U will only believe me when u find ethanol in doldrums That's where ur idea leads," he [tweeted](#).

GROUPS SUE FOR HEARTLAND DOCS: The Southern Environmental Law Center and Environmental Defense Fund filed a lawsuit Thursday against EPA for failing to release information under FOIA request. The requests pertained to correspondence between EPA and the Heartland Institute, following statements from Heartland Institute officials who said EPA requested their assistance on the agency's possible "red team, blue team" debate. Read the lawsuit [here](#).

PLAYING CARD: Bureau of Land Management Employees have been given new "vision cards" featuring images of an oil rig and grazing cattle, according to images released by the watchdog group Public Employees for Environmental Responsibility. One side of the card displays the bureau's vision, mission and value statements and features an image of an oil rig. The reverse side shows two men riding horses, with cattle in the background and BLM's guiding principles. Bureau spokeswoman Michelle Barret told ME the cards "were created and sent out several months ago by the Washington office to encourage employees to be aware of the BLM's core values." No one was ordered to wear them by anyone at the agency's headquarters, Barret said. PEER Executive Director Jeff Ruch in a [statement](#) compared the cards to propaganda

used by totalitarian regimes. "This is supposed to be the Bureau of Land Management not Mao's Red Guard." See the [card here](#).

MAIL CALL! GOING FORWARD: Twenty-eight members of the GOP Republican conference sent a letter this week to Speaker [Paul Ryan](#), regarding reauthorization of the Land and Water Conservation Fund. "We respectfully ask for your help in identifying and securing a legislative path forward for LWCF," they write. The lawmakers offer up last year's energy bill, [S. 1460 \(115\)](#), as a possible vehicle. Read the letter [here](#).

QUICK HITS

- The Interior Department is preparing for a massive overhaul — and Alaska is its model, [Anchorage Daily News](#).
- FEMA strips mention of 'climate change' from its strategic plan, [Bloomberg](#).
- GOP is trying to prop up coal, but plants keep closing, [E&E News](#).
- A cyberattack in Saudi Arabia had a deadly goal. Experts fear another try, [The New York Times](#).
- Perry on rumors he's becoming VA secretary: Trump knows 'I like where I am', [Washington Examiner](#).
- Even under coal-boosting Trump, U.S. solar is doing pretty well, [The Washington Post](#).

HAPPENING TODAY

9:00 a.m. — The George Washington University Law School's J.B. & Maurice C. Shapiro Environmental Law [Symposium](#) on the role of Public Trust Doctrine including climate, water resources and state constitutions, 2000 H Street NW

9:30 a.m. — The Fish and Wildlife Service meeting of the International Wildlife Conservation Council, 1849 C Street NW

10:00 a.m. — The Center for Strategic & International Studies Energy and National Security Program [discussion](#) on "Taming the Sun," 1616 Rhode Island Avenue Northwest

2:00 p.m. — The Novim Group and the Environmental and Energy Study Institute [briefing](#) on impacts of the administration's proposed climate and environmental research program cuts for fiscal 2018, 2360 Rayburn

THAT'S ALL FOR ME!

**** A message from Chevron:** Girls can do remarkable things with science, technology, engineering, and math. And, with support from parents, teachers, and businesses like Chevron, this generation may change the world with STEM. Watch the video:

<http://politi.co/2Flajfw> **

To view online:

<https://www.politicopro.com/newsletters/morning-energy/2018/03/inside-pruitts-calendar-135863>

Stories from POLITICO Pro

Pruitt huddled with coal exec who raised over \$1M for Trump [Back](#)

By Alex Guillén and Emily Holden | 03/16/2018 05:01 AM EDT

EPA Administrator Scott Pruitt met with an Indiana coal executive last year who was seeking to soften a pollution rule — and who once boasted about raising more than a million dollars for President Donald Trump's campaign, according to documents provided to POLITICO.

The [records](#), obtained by the Sierra Club through a Freedom of Information Act lawsuit against EPA, show that Steven Chancellor, CEO of White Stallion Energy, met with Pruitt on May 22, 2017 for a "courtesy call and introductory meeting."

Pruitt has met regularly with GOP heavyweights ahead of what many expect to be a 2020 Senate run. He has also met with investors connected to Republican megadonor Sheldon Adelson as well as key conservative groups like the Family Research Council and Federalist Society.

Chancellor is also the head of the American Patriot Group, whose corporate headquarters in Evansville were [designed to mimic the White House](#), and which owns White Stallion Energy, which mines coal from five sites in the Illinois Basin.

He hosted a \$10,000-per-couple fundraiser with Donald Trump, Mike Pence and Rudy Giuliani in August 2016 that he [said](#) raised "north of a million" dollars. He later attended Trump's inauguration, where he was [spotted](#) shaking Pence's hand.

A longtime powerhouse GOP fundraiser in the Hoosier State, Chancellor in the 2000 campaign hosted an event headlined by George H.W. Bush. And he and his company, Black Beauty Coal, which was later sold to Peabody Energy, directly gave a combined \$310,000 to Republicans, The Washington Post [reported](#) at the time. Chancellor then served Bush's Energy Department transition team. He also raised more than \$1 million for Mitt Romney in 2012.

Chancellor petitioned the EPA in December 2016, [asking](#) the agency to soften a rule designed to curb pollution that floats across state lines. An update to the rule approved by the Obama administration could "significantly impact" Indiana utilities' reliance on

coal produced from his mines, Chancellor wrote. EPA has not yet responded to Chancellor's petition or any of those regarding the update, the agency confirmed.

Also in the meeting was Rashid Hallaway, a former aide to Indiana Sen. Evan Bayh who went on to work directly for Chancellor and now represents him as an outside lobbyist. His client list also includes the American Coalition for Clean Coal Electricity.

It is unclear whether Pruitt and Chancellor discussed his petition. Calls to Chancellor's office were not returned, and EPA did not return a request for comment.

In addition to the Pruitt meeting, Interior Secretary Ryan Zinke's calendar showed a meeting with White Stallion earlier that day, although it is not clear that Chancellor personally attended that meeting.

But Zinke named Chancellor earlier this month to Interior's new International Wildlife Conservation Council, which will provide advice to Zinke on "the benefits that result from United States citizens traveling to foreign nations to engage in hunting." That council is scheduled to meet at the Interior Department on Friday.

Chancellor is a prolific big-game hunter, and his mansion includes a trophy room stuffed with taxidermied lions, elephants, polar bears, rhinos and zebras, according to photos posted on a 2012 blog. In 2001, he mustered his political connections to lobby the government of Botswana to lift a ban on lion hunting.

Interior earlier this month said hunters will be allowed to bring back elephant trophies from abroad.

The documents provided to POLITICO also showed that Pruitt met with dozens of industry executives and trade group representatives between the May 19 and June 19 period the calendar covered. And he had phone calls with GOP governors, attorneys general and lawmakers. He saw public health groups twice.

Pruitt also heard a pitch from executives of the water treatment technology company Reliable One Resources, which appears to have arranged a meeting through a former lawyer for Devon Energy Corp., the oil-and-gas company Pruitt had close ties to in his political career in Oklahoma.

EPA has fought routine requests for Pruitt's schedules, turning them over only when forced by the courts after lawsuits brought by environmental or government transparency organizations. EPA posts a far less comprehensive version of his calendar online every few weeks, omitting names and discussion topics. The new releases keep lunch and travel details confidential, a practice the Pruitt EPA has long followed.

The schedule released by EPA also did not reveal Pruitt's activities while representing the U.S. at a major international meeting in Italy, a trip that drew criticism because of its high travel costs and his policy of flying first class or business class.

Pruitt and his staff spent \$36,000 on a military jet to New York to catch a plane to Rome following a last-minute invite to an infrastructure event in Cincinnati with President Donald Trump. Pruitt racked up another \$7,000 in flight costs associated with the trip, including a business class ticket on the premium Emirates Airline.

The agency redacted information about meetings or events for two days of the trip and left another day's entries blank. The calendars offer no explanation for why Pruitt arrived several days early for the meeting of G-7 environment ministers. He spent the first part of his trip in Rome and departed Bologna shortly after the meeting there began to return to Washington to attend a much-publicized meeting at the White House where Cabinet secretaries praised Trump.

Pruitt's public schedule listed only a meeting with the U.S. Embassy and then a business roundtable on his first afternoon in Italy.

According to Pruitt's Twitter account, he kept a busy schedule in Italy before and during the G-7 gathering — including meeting with executives from U.S. companies; touring the Vatican and meeting with a top church official; discussing "rule of law" with Luciano Panzani, the president of the Court of Appeal in Rome; attending a "prosciutto and pasta" reception; meeting with Therese Coffey, a Conservative Party member of the U.K. parliament; speaking about air quality and baseball with Japanese Environment Minister Koichi Yamamoto; and meeting on stewardship with UPS, Sealed Air, CITI and the U.S. Chamber.

On the same Monday he met Chancellor, Pruitt spoke with the Large Public Power Council's CEO meeting about "the elimination of regulations affecting the electric power industry," with Duke Energy CEO Lynn Good about coal ash, and with the Congressional Coal Caucus.

The calendar also shows Pruitt visiting Oklahoma twice in the month disclosed.

On Saturday, May 20, in Tulsa he took an hourlong tour of Brainerd Chemical Company and then a half-hour tour of the restored office of oil baron Waite Phillips, which Brainerd's CEO leases.

To view online [click here](#).

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U.S. imposes new sanctions on Russian entities over 2016 election meddling

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By Elana Schor, Andrew Restuccia and Cory Bennett | 03/15/2018 10:30 AM EDT

The Treasury Department on Thursday slapped new sanctions on 24 Russian entities and individuals for interfering in the 2016 election and conducting a series of damaging

cyberattacks, a major step toward punishing Russia for its increasingly bellicose behavior.

But the move is already prompting calls for more tough action against Russian President Vladimir Putin's government, particularly from Democrats who have lambasted President Donald Trump as overly reluctant to issue sanctions and to decry Moscow's interference in the affairs of western governments.

The Trump administration has come under fire for what critics say is a slow response to Russia's alleged interference in the 2016 election, and Trump has faced blowback for not more forcefully condemning Russia in the aftermath of this month's nerve agent attack on a former Russian spy in England. The sanctions announced Thursday appeared intended to counteract that narrative.

"The administration is confronting and countering malign Russian cyber activity, including their attempted interference in U.S. elections, destructive cyberattacks, and intrusions targeting critical infrastructure," Treasury Secretary Steven Mnuchin said in a statement. "These targeted sanctions are a part of a broader effort to address the ongoing nefarious attacks emanating from Russia."

Mnuchin added that Treasury is planning to impose additional sanctions "to hold Russian government officials and oligarchs accountable for their destabilizing activities by severing their access to the U.S. financial system."

The announcement comes amid a growing firestorm over the nerve agent attack in southern England. The British government, the U.S. and others have blamed Moscow for the attack, and Britain moved this week to expel 23 Russian diplomats. Though Thursday's sanctions are unrelated to that attack, Trump on Thursday said "it certainly looks like the Russians were behind it."

Thursday's sanctions go after the individuals that special counsel Robert Mueller indicted last month for participating in a sweeping plot to use online trolls to inflame social divides and undermine faith in U.S. institutions during the 2016 election.

The sanctions target the Internet Research Agency, the Russian organization that Mueller's team alleged was responsible for the extensive online trolling effort that court documents say was years in the making, involving millions of dollars and potentially hundreds of individuals.

According to the indictment, the IRA sent Russian operatives to the U.S., created fake online personas to solicit American activists' advice about targeting swing states, organized rallies on U.S. soil and wielded the United States' homegrown social media platforms to worsen the country's racial, religious and political divides.

On Thursday, the White House sanctioned the IRA and its alleged founder, Yevgeniy Viktorovich Prigozhin, for their role in "interfering with election processes or institutions." Prigozhin, sometimes described in Russian media as Putin's "chef," has become one of

the country's largest state contractors, according to the Anti-Corruption Foundation, a Russia-based nonprofit that investigates corruption among high-ranking Moscow officials.

The White House also sanctioned Prigozhin's two main companies, Concord Management and Consulting and Concord Catering, accusing them of providing funding to the IRA.

Trump has repeatedly avoided acknowledging the assessment of intelligence agencies that Russia intervened in the 2016 election to benefit his campaign, most recently hailing House Intelligence Committee Republicans for a one-party report that there was "NO EVIDENCE OF COLLUSION OR COORDINATION" with Russia.

Democrats have lambasted the administration for declining to penalize entities doing business with Moscow's defense and intelligence sectors under a separate section of the bipartisan sanctions legislation that Congress sent to Trump's desk last year.

While Thursday's announcement of cyber-related sanctions won praise from both sides of the aisle, Republicans were more unequivocal in welcoming the announcement. Democrats continue to view the White House as reluctant to take a hard line against Putin's government following the 2016 election meddling campaign, which Trump has repeatedly downplayed.

Indeed, Senate Minority Leader Chuck Schumer (D-N.Y.) on Thursday described Thursday's sanctions as "not enough." Schumer called on the administration to specifically punish Russian entities linked to the U.K. bioterror attack and take further steps against Putin's regime.

"We're still waiting for action to harden our election security, and we're still waiting for the president, President Trump, to utter one word of public criticism for what Putin is doing to the U.S. and democracies around the world," Schumer said on the floor. "I say to President Trump, your silence speaks on this issue."

The Senate Intelligence Committee's top Democrat, Virginia Sen. Mark Warner, agreed with that sentiment — calling Thursday's sanctions a "first step" but adding that Trump's lack of broader condemnation of Russia "still concerns me."

"I don't understand why it's taken the administration so long to lay out these sanctions," Warner said in an interview. "They've missed deadlines. I think it's a step in the right direction — but again, most of the entities sanctioned were either already under sanction by Obama or were indicted by special prosecutor Mueller."

In a statement, outspoken Russia critic Sen. John McCain (R-Ariz.), said the Trump administration "took an overdue step forward today in holding Putin accountable for his brazen attack on our democracy."

"It is critical that the administration work urgently to fully implement sanctions under the

'Countering America's Adversaries through Sanctions Act,' including on those responsible for the attack on the 2016 election and who were recently named in the special counsel's indictment, as well as on entities operating in the oil and gas sectors," he said, referring to the 2017 sanctions bill the Senate previously passed.

The administration has explained its decision to hold off on imposing further sanctions targeting Russia's defense and intelligence sector operations by saying that the sanctions bill itself is "serving as a deterrent" against major deals.

Thursday's White House sanctions punish Russia's two main intelligence organizations, including the country's military intelligence organization, known as the GRU, for being "directly involved in interfering in the 2016 U.S. election through cyber-enabled activities."

Researchers have accused the GRU's infamous hacking team "Fancy Bear" of infiltrating the Democratic National Committee and later stealing and leaking the party's internal documents and communications through fake online personas and the activist group WikiLeaks.

The leaks exacerbated rifts within the Democratic Party and forced Florida Rep. Debbie Wasserman Schultz to resign as chairwoman of the DNC in July 2016 after internal emails revealed potential favoritism for Hillary Clinton over her primary rival Bernie Sanders.

Thursday's move goes beyond just a broad condemnation of the GRU. It specifically sanctions six individuals the administration says have served as GRU officials. Four of those individuals were previously sanctioned in December 2016, as part of the Obama administration's retaliation for Moscow's election meddling, which also included the expulsion of 35 Russian diplomats from the U.S.

The White House also penalized Russia's other intelligence service, the FSB — the country's successor to the KGB — with penalties. The announcement accuses the organization of going after a variety of U.S. government officials, including "White House personnel." The inclusion is notable because the FSB's "Cozy Bear" hacking group has long been suspected of — but never officially blamed for — infiltrating White House networks in 2014.

The FSB penalties are the second time the Trump administration has targeted the intelligence unit over hacking. In March 2017, the Justice Department took the unprecedented step of indicting two FSB spies for their role in hacking into Yahoo and stealing data on 500 million users.

The sanctions issued Thursday were coupled with a separate, significant announcement by the administration blaming Russian government hackers for initiating an ongoing operation to penetrate vital U.S. industries, including the energy grid. They follow through on the Trump administration's promise to punish Russia for launching a game-changing cyberattack in June 2017, which cyber researchers dubbed NotPetya.

The threat came after the U.S. joined with its "Five Eyes" intelligence partners in February to [blame](#) the Kremlin for orchestrating the attack, which [spread](#) rapidly through Ukraine last year, before spilling into Europe, Asia and America. The virus, powered in part by leaked National Security Agency hacking tools, seized computer networks around the world, disrupting banks, hospitals, shipping routes, nuclear power plants and the main airport in Kiev, Ukraine's capital.

The White House on Thursday called the June assault "the most destructive and costly cyberattack in history," noting that "several hospitals in the United States were unable to create electronic records for more than a week."

Indeed, cyber experts have described the incident as a watershed moment. Not only was the virus destructive on a historic scale, researchers believe it provided an indication of Russia's cyber prowess that they expect to see deployed elsewhere in the future.

Moscow has frequently used Ukraine — and Eastern Europe more broadly — as a testing ground for its next-generation cyber weapons. In recent years, Kiev has twice blamed its neighbor for shutting down portions of its power grid using [increasingly dangerous](#) digital weapons that hackers had never successfully deployed on that scale.

Tim Starks contributed to this report.

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U.S. says Russian hackers targeted American energy grid [Back](#)

By Tim Starks | 03/15/2018 12:00 PM EDT

The Trump administration on Thursday accused Russian government hackers of carrying out a deliberate, ongoing operation to penetrate vital U.S. industries, including the energy grid — a major ratcheting up of tensions between the two countries over cybersecurity.

It says the hackers penetrated targeted companies to a surprising degree, including copying information that could be used to gain access to the computer systems that control power plants. It's the kind of access that experts say would have given Moscow the ability to turn off the power if it wanted to.

The alert came eight months after leaked documents [revealed](#) that federal authorities had found evidence of foreign [hackers](#) breaching computer networks in U.S. power companies, including the operator of the Wolf Creek nuclear plant in Kansas.

"Since at least March 2016, Russian government cyber actors ... targeted government entities and multiple U.S. critical infrastructure sectors, including the energy, nuclear, commercial facilities, water, aviation, and critical manufacturing sectors," according to Thursday's joint alert, issued by the Homeland Security Department and the FBI.

While the reveal isn't a surprise to cyber watchers — researchers have been noting such digital espionage for years — it's rare for the U.S. government to be so blunt about a foreign adversary's cyber spying. Because the U.S. conducts its own similar online espionage campaigns around the world, intelligence officials have traditionally been loath to openly point fingers at other governments for doing the same thing.

After the alert, Energy Secretary Rick Perry warned members of a House Appropriations subcommittee Thursday that he's "not confident" the federal government has an adequate strategy in place to address the "hundreds of thousands" of cybersecurity attacks directed at the U.S. every day.

Sen. Maria Cantwell of Washington state, the top Democrat on the Energy and Natural Resources Committee, said Thursday's alert followed a long series of unanswered warnings about the danger that hackers could trigger economically devastating blackouts.

"A year ago yesterday, I called for a Russian cyber threat assessment to our grid," Cantwell said in a statement. "I've repeatedly asked President [Donald] Trump to tackle this urgent task and have been met with deafening silence. I hope today's belated response is the first step in a robust and aggressive strategy to protect our critical infrastructure."

The alert comes on the same day the Trump administration issued new sanctions against Russia for a range of activities, including its actions in cyberspace. Taken together, the steps amount to perhaps the most direct confrontation of Russian hackers by the U.S. government yet.

Russia has been widely accused of launching increasingly dangerous attacks on power grids around the world. Moscow's most frequent target has been Ukraine, according to researchers. In recent years, Ukraine has twice blamed its neighbor for shutting down portions of its power grid using digital weapons that hackers had not previously successfully deployed on that scale.

The alert says Russian hackers attempted to access the American grid and other industries primarily to spy and collect information. Their weapons included malware-laden Word documents — such as engineers' resumes — that appeared in legitimate-seeming emails, but which harvested login and password information from victims' computers.

The hackers used these exploits to target vendors and other companies on the periphery of their main targets, then leapfrog their way to gain access to higher-level networks and install malware.

Once inside, the hackers would move around and conduct reconnaissance, and appeared interested in industrial control systems that manage processes for critical infrastructure, the alert reads.

"The threat actors appear to have deliberately chosen the organizations they targeted, rather than pursuing them as targets of opportunity," the alert says.

It says the hackers also used other means to find their way in. In one case, they "downloaded a small photo from a publicly accessible human resources page. The image, when expanded, was a high-resolution photo that displayed control systems equipment models and status information in the background."

They also implanted malware in the websites of trade publications and other websites related to the targeted industries, the alert says.

According to Jon Wellingshoff, a former chairman of the Federal Energy Regulatory Commission who now runs his own energy policy consultancy, the hackers seemed to be gathering intelligence "that could provide them with information in the future to do something if they wanted to."

Essentially, they were setting the stage to potentially turn off the power, cyber experts said.

The details closely dovetail with research published in October by cyber firm Symantec. The government alert even confirmed that the Symantec report — which didn't attribute the cyber activity to any government — offered "additional information" about Russia's digital efforts.

The Symantec report reveals that the cyberattacks described in Thursday's alert stretch back much further than 2016. According to Symantec, the hacking group, which it dubbed Dragonfly, started around 2011, targeting western energy-sector companies, including in the U.S., Turkey and Switzerland.

Though the group was dormant through much of 2014 and 2015, it restarted its digital probing in late 2015 with a campaign that sent fake New Year's Eve party invites to energy-sector targets, Symantec said.

By 2017, the group had ramped up these malicious efforts, according to the research.

Kevin McIntyre, chairman of the Federal Energy Regulatory Commission — which oversees the energy sector — said the information contained in the alerts showed the need to remain vigilant on cybersecurity.

"Frankly, some of it is a little bit scary," he told reporters on Thursday. "But we keep our eye on the ball and focus on it so that we try our best as an agency."

Perry, meanwhile, expressed misgivings about federal cybersecurity efforts.

"I'm not confident that the federal government has a broad strategy in place that is not duplicating, or is least duplicative as it can be," Perry said after House Energy and Water Appropriations Subcommittee Chairman Mike Simpson (R-Idaho) called cybersecurity attacks "our biggest threat."

"I'm as worried about cybersecurity as I am nuclear," Simpson said. "I think we're attacking it department-wide, but I'm not sure we're attacking it government-wide."

Eric Wolff, Cory Bennett and Anthony Adragna contributed to this report.

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White House: Trump met with top oil CEOs on energy, trade [Back](#)

By Ben Lefebvre | 03/15/2018 05:43 PM EDT

President Donald Trump discussed energy and trade with CEOs from a dozen energy companies, including Exxon Mobil and Chevron, as well as the industry lobby group American Petroleum Institute on Thursday.

The meeting comes after the API's two-day board meeting at the Trump International Hotel in Washington, D.C., and represented a major lobbying effort from an industry that has generally backed Trump, but has become increasingly worried that his policies on trade will drive up their costs for pipelines and threaten U.S. energy exports.

"The President met with members of the American Petroleum Institute to discuss the important role natural resources play in our energy sector," White House spokeswoman Lindsay Walters said.

The guest list included Exxon CEO Darren Woods, Chevron CEO Mike Wirth, Shell Oil President Bruce Culpepper, BP America President John Mingé and API President Jack Gerard, as well as the top executives from Phillips 66, Devon Energy, Marathon Petroleum, Occidental Petroleum, Enbridge, Noble Energy, Fluor and Anadarko.

Walters did not say whether Commerce Secretary Wilbur Ross or U.S. Trade Representative Robert Lighthizer joined the meeting. The two were the principal backers of Trump's 25 percent tariff on imported steel and hard-line stance on renegotiating NAFTA, two issues that have unsettled the oil and gas industry.

Also attending the meeting was Vice President Mike Pence, API spokesman Eric Wohlschlegel said in a press release.

"API executives highlighted a host of the industry's priority issues, including the importance of trade policies that recognize the integrated nature of North American and global markets," Wohlschlegel said.

The API entered a multi-year contract in 2016 "before the election" to use the Trump's hotel for gatherings, a spokesman for the association said Thursday, but did not specify when exactly the contract was signed.

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Man arrested for assault after scuffle with Interior staff [Back](#)

By Ben Lefebvre | 03/15/2018 04:18 PM EDT

Capitol Police said today they arrested a man after a scuffle outside the House Natural Resources Committee hearing room following today's testimony from Interior Secretary Ryan Zinke.

The police "arrested an adult male for simple assault against another individual outside room 1324 in the Longworth House Office Building," the department's public information officer told POLITICO. "The suspect was transported to USCP Headquarters for processing."

The altercation took place around 1 p.m. after the committee wrapped up a hearing on President Trump's proposed fiscal year 2019 budget for the Interior Department. A POLITICO reporter saw the man, whose name Capitol Police did not disclose, initially approach Zinke and apologize for an incident earlier in the week.

The man then followed Zinke outside the hearing room and started asking him questions. He then got into a scuffle with someone a House Natural Resources committee aide at the scene identified as Interior spokeswoman Heather Swift.

Swift did not immediately respond to questions about the incident.

WHAT'S NEXT: The suspect was taken in for processing, Capitol Police spokesperson said.

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Japanese-American senator hits Zinke over 'flippant' response on preserving internment sites [Back](#)

By Cristiano Lima | 03/15/2018 06:51 PM EDT

Sen. Mazie Hirono (D-Hawaii) on Thursday called it "flippant & juvenile" for Interior Secretary Ryan Zinke to respond to a question about preserving internment sites with a Japanese greeting.

"The internment of nearly 120,000 Japanese Americans is no laughing matter, @SecretaryZinke," tweeted Hirono, the first U.S. senator born in Japan and the first Asian-American woman elected to the chamber.

During a House Natural Resources Committee hearing earlier in the day, Zinke was pressed by Rep. Colleen Hanabusa (D-Hawaii), a fourth-generation Japanese-American, to commit to refunding a National Park Service program that offers grants toward the preservation of confinement camps where Japanese-Americans were held during World War II.

"Are you committed to continue to grant programs that are identified, I believe, as the Japanese American Confinement Sites grants program which were funded in 2017? Will we see them funded again in 2018?" Hanabusa asked.

"Oh, konnichiwa," Zinke replied, deploying a Japanese greeting typically used in midday.

After a brief silence, Hanabusa corrected Zinke, using the Japanese greeting for "good morning."

"I think it's still 'ohayo gozaimasu,' but that's OK," she said.

Zinke's remark later drew scrutiny from the Hawaii senator online.

"What you thought was a clever response to @RepHanabusa was flippant & juvenile," Hirono wrote on Twitter.

After the brief exchange at the hearing, Zinke said funding for the grants "probably got caught up" by larger 2018 budgetary items, and vowed to work with Hanabusa on the matter.

"I will look at it and I will work with you on it because I think it is important," Zinke told her.

Hanabusa, who said her two grandparents were subjected to internment, framed the program as a necessity during the hearing.

"I sit before you the granddaughter of two internees, both of my grandfathers were interned during World War II," Hanabusa said. "It is essential that we as a nation recognize our darkest moments so that we don't have them repeat again."

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McCarthy eyes omnibus to circumvent objections over raising California dam

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By Annie Snider | 03/15/2018 06:22 PM EDT

House Majority Leader [Kevin McCarthy](#) is pushing to include language in an omnibus spending bill that would allow a major California dam project backed by the Trump administration to move forward over Gov. Jerry Brown's objections.

Congress included language as part of a bipartisan 2016 water infrastructure law that would allow the Shasta Dam to be raised to store more water, but it required the Interior Department to get a state or local government to sign onto the project before work could begin. Brown's administration opposes the \$1.3 billion project, saying it would violate state law, leading powerful agricultural interests in the state to push their Republican allies in Congress to remove that caveat.

Federal funding runs out March 23, and lawmakers are negotiating the final details of a government-wide spending bill they hope to unveil in the coming days and pass in time to avoid a government shutdown. McCarthy wants that bill to include a rider that would let Interior begin pre-construction work on the dam without a partner.

"If we've learned nothing else from the past years of catastrophic drought in our state, perhaps we now all agree that increasing storage capacity to capture water during wet years for use in dry years is absolutely critical," McCarthy said in a statement.

The biggest beneficiary of raising the dam would be Westlands Water District, whose farmers often see water shipments curtailed during dry years. David Bernhardt, deputy Interior secretary, was the powerful water district's top lobbyist before joining the Trump administration.

In January the administration [requested](#) \$20 million to begin work on the project.

Johnny Amaral, deputy general manager for Westlands and former chief of staff to Trump ally Rep. [Devin Nunes](#) (R-Calif.), argued that raising Shasta is one of the best new water storage projects in terms of costs and benefits, and argued it could bring benefits to fisheries as well as farms.

"Westlands Water District supports efforts by the Department of the Interior and members of the California Congressional delegation to move forward on this project," Amaral said by email.

Farmers and other California water users have for years been pushing a plan to raise Shasta Dam near the Sacramento River by nearly 19 feet as a way of storing more water to irrigate Central Valley farms.

But Golden State officials say raising the dam would inundate the McCloud River and its fisheries, which are protected under the state's Wild and Scenic Rivers Act.

California's Natural Resources Secretary John Laird, a Brown appointee, wrote House and Senate leaders this week to register the state's opposition. He said the state "shares the Department of Interior's commitment to investing in new water storage" and asked that they instead focus on other water storage efforts where the state could join as a financial partner.

Northern California Democrats are also fighting the omnibus language. Rep. [Jared Huffman](#) (D-Calif.) argued that the push is a sweetheart deal for Bernhardt's former employer.

"There's a stench to this thing and it seems that when it comes to these decisions of what to fund, what not to fund, in all types of infrastructure, it's just all politics all the time," he said after pressing Interior Secretary Ryan Zinke about the Shasta plan during a House Natural Resources Committee hearing Thursday morning.

But California Sen. [Dianne Feinstein](#) has yet to weigh in. Feinstein has previously backed raising Shasta, and she was key to the 2016 drought deal that gave Shasta its current path forward — but that included the language Republicans are now looking to waive. She is also the top Democrat on the Appropriations subcommittee that funds the Bureau of Reclamation. Feinstein's office did not respond to a request for comment Thursday.

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Calvert doesn't see need for WOTUS, ozone riders [Back](#)

By Anthony Adragna | 03/15/2018 06:20 PM EDT

Rep. [Ken Calvert](#) (R-Calif.), who oversees the panel responsible for EPA and Interior spending, told reporters today he doesn't see the need for riders on the Waters of the U.S. rule or concerning ozone limits in the emerging spending bill.

"From my perspective, [EPA Administrator] Scott Pruitt's handling that and the ozone issue also," Calvert said of a possible WOTUS provision, noting the need for policy riders is diminished "because the administration we're dealing with now is different than the one we had in the past."

Calvert did say the fate of the riders rested with congressional leadership. Provisions included in the House-passed EPA and Interior spending bill [H.R. 3354 \(115\)](#) last year would have protected the EPA's move to withdraw the Waters of the U.S. regulation from legal challenges and delayed implementation of the agency's 2015 ozone standard until 2025.

More broadly, Calvert said he anticipated a vote on passage of the omnibus next week and said his portion of the package is "coming along pretty well actually" with goal of finishing work on it this weekend.

WHAT'S NEXT: Calvert said he anticipated a vote on the omnibus next week after wrapping up work on it this weekend.

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Walden says Pruitt will testify on EPA budget April 25 [Back](#)

By Anthony Adragna | 03/15/2018 04:37 PM EDT

House Energy and Commerce Chairman [Greg Walden](#) said today EPA Administrator Scott Pruitt will testify before his panel on the agency's budget request April 25.

"He'll be there on April 25 — one way or the other," Walden said.

The timing of Pruitt's appearance would put his testimony well after that of fellow Cabinet members, most of whom are testifying this week and next on their requests. Both of Pruitt's energy counterparts — Energy Secretary Rick Perry and Interior Secretary Ryan Zinke — have appeared this week for congressional hearings.

EPA was not immediately available to comment.

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Oversight panel hope to see Pruitt travel docs 'soon' [Back](#)

By Anthony Adragna | 03/15/2018 05:37 PM EDT

More than a week after its initial deadline, the House Oversight Committee is still awaiting records concerning EPA Administrator Scott Pruitt's travel habits.

"The committee has been in consistent contact with the EPA regarding the status of our request," a spokeswoman told POLITICO. "We expect a productive response soon."

Extensions for agencies are not uncommon when they involve voluminous records to search. EPA spokesman Jahan Wilcox said in a statement: "We have been in contact with Chairman [Trey] Gowdy and are accommodating his request as quickly as possible."

Gowdy sought copies of all the flights taken by Pruitt, waivers for first- or business-class travel and records of other staff who accompanied him on trips in a late February letter, setting a March 6 deadline for a response. Pruitt said he'd start flying coach, at least some of the time, in response to the outcry over his travel habits.

WHAT'S NEXT: The committee said it expects a response from EPA "soon."

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